

Community Development Commission

November 24, 2003

To: Each Supervisor

From: *for* Carlos Jackson, Executive Director *Bobbette A. Glover*

SUBJECT: BOARD REQUESTED REPORT - 08/19/03, SYN.#3

This memorandum is in response to your request for a report on the feasibility of developing an Industrial Development Bond (IDB) marketing program specifically targeted at providing financing for small manufacturing businesses through the Commission's Office of Small Business (OSB).

Commission and OSB staff met with staff of the Treasurer & Tax Collector's Office (TTCO). The TTCO has the capacity to administer the IDB program should a demand for IDBs arise, and is willing to cooperate fully with the Commission and OSB to market the IDB program.

The TTCO actively reviewed the IDB program in 1997 and determined that manufacturers did not find IDBs to be an appealing financing alternative. Since then, they observed that there has not been much demand for IDBs in the region.

Several marketing constraints impact the attractiveness of IDBs as a financing vehicle, such as:

- IDBs are subject to economic cycles that impact whether they are viewed as a desirable funding vehicle when compared to alternatives.
- The County only offers the IDB program to firms located in the unincorporated County areas, so as not to compete with state or city IDB programs.
- What the IRS considers manufacturing eligible for IDB financing may be different from where the demand is.
- The IDBs are subject to many restrictions; their appeal to prospective borrowers is limited.
- The IRS has been very active in scrutinizing tax-exempt financing for manufacturers.

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TTCO provided the Commission with marketing materials and program eligibility criteria. As a preliminary effort, OSB distributed the information at a workshop on September 26th. OSB conducted a "mini-focus group" and solicited feedback from manufacturer attendees regarding the desirability for a proposed IDB program. In addition, OSB made the IDB marketing information available at two subsequent "Contracting Connection" workshops.

Although there have been no requests from these initial efforts, they can be viewed as positive first steps toward re-acquainting small manufacturers with the County's IDB program.

OSB will continue to disseminate the IDB information at workshops targeted to benefit manufacturers.

Please let me know if you have any questions or require additional information.

CJ:sm

C: Mark J. Saladino, Treasurer Tax Collector
Violet Varona-Lukens, Executive Officer
Each Deputy